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C O N F I D E N T I A L SECTION 01 OF 02 GUANGZHOU 000540

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SUBJECT: Shenzhen Political Reform -- Small Steps

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Classified By: Consul General Robert Goldberg; reasons 1.4(b) and (d)

¶1. (C) Summary: Talk of political reform is in the air in Shenzhen and being promoted by think tanks "in the know" in Guangdong. But the reality is that any potential reforms are likely to be modest and will take considerable time before they gain any traction. A document approved by city leaders in June provides guidelines for economic, administrative and political reforms, including a call for the direct election of delegates to district-level people's congresses. Academics and other political observers in Shenzhen believe that reform will take place only in small steps and at a slow pace. Many of the reforms are still in the research phase and there is no implementation plan for the district-level congress elections. Our contacts generally agree that Beijing supports the proposals and will seek to apply lessons learned in Shenzhen more broadly in China.
End Summary.

Increasing Accountability More Than Democracy

¶2. (SBU) In early June, Shenzhen city government and party leaders approved a document to serve as a guideline for future economic, administrative and political reforms in the city. The document -- titled "Opinions of Shenzhen for Persisting in Reform, Opening Up, and Acceleration of Scientific Development in an Effort to Construct a Model City for Socialism with Chinese Characteristics" and reportedly drafted by the Shenzhen Academy of Social Science -- is a wide-ranging package of 19 proposals. Many appear aimed primarily at increasing accountability within government.

¶3. (SBU) Perhaps the most significant proposal in the package is the eventual direct election of people's congress delegates at the district level. Another forward-leaning proposal is the call for a competitive selection process for district-level officials from a slate of multiple candidates. Other proposals include:

- strengthening supervision of government budgets by people's congresses;
- a stronger legislative role for people's congresses;
- enhancing the ability of the media and online communities to supervise government (which was very much on Guangdong Party Secretary Wang Yang's mind when he met with leading netizens; and
- development of non-governmental organizations. (Comment: This likely refers more to government-organized non-governmental organizations rather than the truly independent variety. End comment.)

¶4. (C) The document was the second reform proposal released in Shenzhen this spring, but an earlier document -- "Outline for Reform in Shenzhen in the Near Future" drafted by the Shenzhen Communist Party Committee Policy Research Office -- had been quickly pulled back. According to Xu Jian, the Chair of the Shenzhen Lawyers Association and one of eight legal experts who consulted with Shenzhen officials about the reforms, the earlier document agitated certain Shenzhen leaders because it was too "aggressive" and used

"many bold terms."

15. (C) Le Zheng, president of the Shenzhen Academy of Social Sciences (SASS), commented to us that the proposed reforms were necessary as the role of government in China's society was changing. He said the government needed to stay away from interference in the daily operation of enterprises and resource allocation. (This too would accord with Wang Yang's views on "mind liberation," which would allow people to operate more independently of government control.) Instead it should focus on providing public services and exercising macroeconomic control. As a result, Le believes that there can be no stand-alone set of reforms that addresses only economic, political or social issues. The whole situation must be addressed together.

Emphasis on "Small Steps"

16. (C) Fu Xiaoshui, director of the Administration Science Department of the Shenzhen Party School, explained that the proposals would serve as general guidelines and principles for future work in promoting reform, but commented that Shenzhen would never be allowed to develop a different political system from the rest of China. He emphasized that there was no timetable or deadline for implementation and most observers expected the process to take a long time. Fu compared implementation of the proposals to "walking fast with small steps" (xiaobu kuaizou).

17. (C) Other experts echoed Fu's comments on timing, some with the same words. SASS's Le also compared the pace of reform in Shenzhen to "walking fast with small steps." Jin Cheng, the founder of the Shenzhen Society, an organization formed by professionals to offer advice on government policies, told us he expected the current leadership to move in "small steps" and consolidate its position after each one. He summarized the approach as "more haste, less speed."

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18. (C) Fu pointed out that some of the proposals are already being implemented while others remain very much in the research stage. He noted that two months ago Shenzhen had filled four positions at the director-general level through open nominations and competitive selection processes. He said there were many candidates and the process was smooth. With regard to direct election of district-level people's congress delegates, on the other hand, Fu indicated there was still no implementation plan.

Support from the Center

19. (C) The experts we spoke with agreed that the Shenzhen reform proposals have the support of senior leaders in Beijing. Peng Peng, a researcher at the Guangzhou Academy of Social Sciences, said that even though neither Beijing nor the Guangdong provincial leadership had shown open support for the proposals, they had not voiced opposition either. He believes that Beijing is willing to allow Shenzhen to serve as a pilot area for the reform.

110. (C) Fu from the Shenzhen Party School went further, saying that Shenzhen had been tasked by Beijing with taking this initiative. He said that while some proposals originated in Shenzhen, others were assigned directly by Beijing. According to Fu, central government leaders and agencies provided strong support for the proposals "in spirit."

111. (C) Jin of the Shenzhen Society commented that China's top leaders, including Hu Jintao, understood the domestic problems facing China like corruption and believed that reform was necessary to solve them. Jin believes that even though there are grassroots demands for reform, the main drive must come from the top.

112. (C) SASS's Le gave Guangdong Party Secretary Wang Yang more credit as the driving force behind the reform. He said that Wang had initiated the reforms as part of his "mind emancipation" campaign, earning the nickname of "Marshall Wang" in Shenzhen's online community. He noted that Beijing was watching progress in Shenzhen

closely.

Comment - Enthusiasm Tempered with Realism

13. (C) Our Shenzhen contacts are enthusiastic about the role they believe the city is called upon to play as a leader of the next wave of reform in China. As Fu from the Shenzhen Party School put it, Shenzhen has already successfully completed the task of developing the socialist market economy, now the task falls on it to explore how to implement "scientific development," which is likely central to the next stage of reform and opening. Nevertheless, these observers are all realistic about the potential for rapid political change -- the steps will be very small and the pace will be slow -- but the potential for reforming how the bureaucracy interacts with a changing modern society is vast.

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